GOVERNMENT OF INDIA
POWER
LOK SABHA

UNSTARRED QUESTION NO:5142
ANSWERED ON:11.05.2007
NEW NATIONAL POWER POLICY
Maheshwari Smt. Kiran;Murmu Shri Hemlal;Reddy Shri Karunakara G.;Shakya Shri Raghuraj Singh

Will the Minister of POWER be pleased to state:

(a) whether the Government has finalized the new national power policy;

(b) if so, the salient features thereof; and

(c) the benefits likely to be accrued to the power companies therefrom?

Answer

THE MINISTER OF POWER (SHRI SUSHILKUMAR SHINDE)

(a) to (c) : Central Government has notified the National Electricity Policy under the provisions of section 3 of the Electricity Act, 2003 on 12th February, 2005. The objectives and salient features of the Policy are enclosed at Annexure.
The Policy, inter-alia, states that there is an urgent need for ensuring recovery of cost of service from consumers to make the power sector sustainable. It also states that return on investment needs to be provided in a manner that the sector is able to attract adequate investments at par with, if not in preference to, investment opportunities in other sectors.

ANNEXURE REFERRED TO IN REPLY TO PARTS (a) TO (c) OF UNSTARRED QUESTION NO. 5142 TO BE ANSWERED IN THE LOK SABHA ON 11.05.2007.

Objectives of the National Electricity Policy are given below:

? Access to Electricity – Available for all households in next five years.

? Availability of Power – Demand to be fully met by 2012. Energy and peaking shortages to be overcome and spinning reserve to be available.

? Supply of Reliable and Quality Power of specified standards in an efficient manner and at reasonable rates.

? Per capita availability of electricity to be increased to over 1000 units by 2012.
? Minimum lifeline consumption of 1 unit/household/day as a merit good by year 2012.
? Financial Turnaround and Commercial Viability of Electricity Sector.
? Protection of consumers` interests.

Salient features of the Policy

1. CEA to notify first National Electricity Plan in six months with a perspective up 12th Plan period. The Plan prepared by CEA to be used by prospective generating companies, transmission utilities and transmission / distribution licensees as reference document.

2. Development of Rural Electrification Distribution backbone, village electrification and household electrification to achieve the NCMP target of completing household electrification in next five years. Financial support in terms of capital subsidy to States for rural electrification. Special preference to Dalit Bastis, Tribal Areas and other weaker sections for rural electrification. REC to be nodal agency for rural electrification at Central Government level.

3. Creation of adequate generation capacity with a spinning reserve of at least 5% by 2012 with availability of installed capacity at 85%.

4. Full development of hydro potential. Provision of long tenor finance for these projects.

5. Choice of fuel for thermal generation to be based on economics of generation and supply of electricity.

6. Development of National Grid.

7. Cost of recovery of service from consumers at tariff reflecting efficient costs to ensure financial viability of the sector.

8. Provision of support to lifeline consumers (households below poverty line having consumption of 30 units per month) in terms of tariffs.

9. Availability Based Tariff (ABT) to be extended to State level for better grid discipline through economic signaling.

10. Special emphasis on time bound reduction of transmission and distribution losses.

11. Measures to promote competition aimed at consumer benefits.

12. Reliability and quality of power supply to be monitored by State Electricity Regulatory Commissions.

13. Exploitation of non-conventional energy sources such as small hydro, solar, biomass and wind for additional power generation capacity.

Other Features

14. Emphasis on achieving higher efficiency levels of generating plants through necessary renovation and modernization.

15. Central Government to facilitate the continued development of national grid. CTU and STU to undertake coordinated planning and development.

16. Transmission capacity to have redundancy level and margins as per international standards.

17. Adequate transitional financial support for reforming power utilities. Encouragement for private sector participation in distribution.

18. The State Regulatory Commissions to put in place independent third party meter testing arrangement.

19. Support for adoption of IT system for ensuring correct billing to consumers.

20. Speedy implementation of stringent measures against theft of electricity.

21. Full emphasis on augmentation of R&D base. Mission approach for identified priorities areas.

22. Demand side management through energy conservation measures. Labels regarding energy efficiency to be displayed on appliances. Efficient agricultural pumpsets and efficient lighting technologies to be promoted. Appropriate tariff structure for managing the peak load.

23. Special attention for developing training infrastructure in the field of regulation, trading and power market.

24. For giving boost to renewable and non-conventional energy sources, a prescribed percentage of power, as specified by State Regulatory Commissions, to be purchased from such sources of energy at the earliest.

25. Necessary regulations and appointing Ombudsman for redressal of consumers` grievances to be in place in six months.